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ACTION EAP-00

INFO	LOG-00	EEB-00	AID-00	CIAE-00	COME-00	CTME-00	INL-00
	DINT-00	DODE-00	DOEE-00	PERC-00	E-00	VCJ-00	FRB-00
	TEDE-00	INR-00	IO-00	ITC-01	LAB-01	L-00	VCIE-00
	NRC-00	NSAE-00	ISN-00	OES-00	OIC-00	OMB-00	NIMA-00
	ISNE-00	FMPC-00	SP-00	SSO-00	STR-00	TRSE-00	BBG-00
	EPAE-00	IIP-00	DRL-00	G-00	SAS-00	FA-00	/002W
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FM AMEMBASSY MAJURO
TO SECSTATE WASHDC PRIORITY 2234
INFO AMEMBASSY MAJURO

C O N F I D E N T I A L MAJURO 000144

E.O. 12958: DECL: 12/14/2018
TAGS: [BTIO](#) [ENRG](#) [EINV](#) [KS](#) [RM](#)
SUBJECT: MOBIL SEEKS RETURN TO RMI DIESEL FUEL BUSINESS

CLASSIFIED BY: Clyde Bishop, Ambassador, EXEC, State.
REASON: 1.4 (b)

¶1. A recent conversation with David Paul, Territory Manager for Mobil Oil in the RMI and FSM, revealed his company's interest in competing for the RMI diesel fuel contract. Paul indicated that in a recent visit by his regional manager, Kumar Singh, very preliminary discussions were held with members of the Marshallese Energy Corporation (MEC). Mobil expressed interest in competing for the MEC diesel fuel contract, presently held by Korean company SK (Mobil held this contract a few years ago). Mobil will apparently make a formal request to MEC to make a presentation. Assuming a positive response by MEC, they expect to make a presentation some time early next year. Paul believes that their offer will be quite competitive, assuming there is a level playing field and transparency in the decision making process. He indicated that a consolidation of services (Mobil already provides jet fuel and gasoline to the RMI) will help bring down the cost. He asked for the Embassy's assistance in assuring that Mobil gets a fair and open evaluation. According to Paul, while SK has a five year contract, there is an "opt out " clause which requires a 90 day notice of termination from either party. Ambassador informed Paul that the Embassy would do what it can to ensure that Mobil gets a fair day in court. Paul also informed the Ambassador that his company intends to invest 2 million dollars in the RMI beginning next year.

¶2. On a related matter, Ambassador inquired as to why the price of gasoline has not dropped significantly, given the fall in fuel cost (this issue has been a frequent topic of discussion in the weekly paper). Paul indicated that Mobil has a contractual agreement with the retailers (gasoline) which prevents Mobil from revealing the cost that they sell the gasoline without the consent of the retailers. According to Paul, Mobil's sale price has dropped considerably, reflecting the worldwide decrease. Half jokingly, Paul indicated that he should leave Mobil and start up a gasoline station here in the RMI. "In a year I would make enough money to retire for life."

Bishop